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THE REGIONAL DIMENSION: AFRICA, IN PARTICULAR THE SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

Second Industrial Development Decade for Africa

Report by the Director-General

Summary

Presents the results of the mid-term evaluation of the programme and provides highlights from the recent thirteenth meeting of the Conference of African Ministers of Industry.

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Introduction

1. The present document is submitted in compliance with the request of the General Conference to report on the implementation of resolution GC.6/Res.11 to the Conference, through the Industrial Development Board. Subsequently, the Board at its sixteenth session adopted decision IDB.16/Dec.13, which called on the Director-General to take a number of concrete measures and requested the Director-General to report on the implementation of that decision to its seventeenth session. The document should be considered by the General Conference in conjunction with the reports to the fifteenth and sixteenth sessions of the Board on the implementation of the Second Industrial Development Decade for Africa (IDDA) (IDB.15/6 and IDB.16/15).

2. The thirteenth meeting of the Conference of African Ministers of Industry (CAMI) was held at Accra, Ghana, from 19 to 28 May 1997, preceded by the meeting of the Intergovernmental Committee of Experts of the Whole on Industrialization of Africa. The objective was to review progress made towards the industrialization of the African countries, especially within the context of the programme for IDDA. To that effect, the Conference considered the evaluation report of the programme for the Second IDDA (IDDA II) requested by CAMI at its twelfth meeting at Gaborone, Botswana, in 1995.

I. PROGRAMME FOR THE SECOND IDDA

3. The IDDA programme was jointly prepared by UNIDO, the Economic Commission for Africa (ECA) and the Organization of African Unity (OAU). It was conceived as an instrument to translate the Lagos Plan of Action into a programme for industrialization to be pursued by African nations with the assistance of the international community. It was issued as a "Programme for the IDDA" in 1982 (IDDA I). In September 1986, the eighth meeting of CAMI recommended the proclamation of the Second IDDA to accelerate the industrialization of Africa. IDDA II, which was adopted by the United Nations General Assembly in 1994, covers the period 1993-2002.

4. The strategic approach for IDDA II has the following components:

(a) Strengthening inter-linkages between industry and agriculture;

(b) Addressing the issue of poor performance of existing industrial investment plans for rehabilitation and the need to improve public enterprise performance;

(c) Strengthening the African entrepreneurial base;

(d) Addressing the importance of the informal and small-scale sectors;

(e) Putting new emphasis on market orientation;

(f) Stimulating an industrial culture;

(g) Promoting subregional and regional co-operation;

(h) Addressing environmental issues.

II. MID-TERM EVALUATION

5. The mid-term evaluation of the IDDA II programme was jointly conducted by OAU, ECA and UNIDO from January to March 1997. The terms of reference of the evaluation, the composition of the team and field missions for the exercise were jointly decided by the Secretariats of OAU, ECA and UNIDO.

6. The purpose of the evaluation was:

(a) To assess achievements against the stated objectives and expected outputs of the programme

(b) To identify and assess the factors that have both facilitated and impeded the achievement of objectives;

(c) To propose a course of action, both at the policy and programme implementation level, for the design, implementation and monitoring of the programme for the future;

(d) To examine the relationship of the Second IDDA programme with the Alliance for Africa's Industrialization.

7. The evaluation was carried out by two independent UNIDO consultants, who were briefed by the three Secretariats. The evaluation team was supported by staff of the Secretariats of UNIDO, ECA and OAU. Divided into six groups, the team covered the countries in the four subregions. The team visited a sample of 21 countries covering the four subregions (East, West, North and South). African country Permanent Missions to UNIDO based in Vienna were briefed on 14 January 1997 on the terms of reference and scope of the evaluation and the preparations for the country visits.

8. The findings of the evaluation mission and its recommendations were discussed with selected donor countries at UNIDO Headquarters in March 1997. A formal presentation was made at the thirteenth Meeting of CAMI. The findings and recommendations, as fully endorsed by CAMI, are summarized below.

A. Key findings

Programme concept

9. The IDDA II programme, like the Lagos Plan of Action and IDDA I, is an expression of intentions and desires for Africa's industrialization. These intentions were not translated into concrete and practical programmes and specific projects for which funds could be mobilized for implementation. Special implementation mechanisms at the country level recommended under IDDA II were not established, under the mistaken assumption that the existing national machinery, i.e. Ministries of Industry and Trade or Planning, could undertake that responsibility as part of their normal activities.

10. Although IDDA II was recommended by African Governments and endorsed by the UNIDO General Conference and the United Nations General Assembly, the programme itself did not involve the donor community and other United Nations agencies in its design, and consequently there was no endorsement and commitment on their part for implementation. Here it must be observed that the IDDA II programme touched on various areas within the legislative mandates of other United Nations agencies (the World Bank and the United Nations Development Programme (UNDP) for physical infrastructure, the International Labour Organization (ILO) and UNDP for human resources development), and yet the programme and its promoters did not establish any inter-agency cooperative mechanisms.

11. In the course of field missions some of the UNDP Resident Coordinators confirmed that, while industrialization was essential for Africa's overall development, it must be based on specific prerequisites. These include manpower and skills development, infrastructural (physical and institutional) development, and stable political conditions induced by good governance. The view was expressed that mere statements of intention with broad, unwieldy and unfocused programmes of industrialization would not yield results. This was also the view of some donor country representatives. It also appeared that many existing bilateral and multilateral programmes were backed by larger financial contributions which on various occasions overshadowed the ongoing IDDA activities which had much smaller financial allocations.

Programme monitoring

12. The role of the Bureau of CAMI and the Joint Secretariat (UNIDO, ECA and OAU) to monitor implementation appeared to have been absorbed in servicing the various meetings of CAMI rather than promoting the involvement of United Nations specialized agencies and the World Bank Group and assisting African countries in seeking bilateral donor support for those aspects of the national programmes in which individual donors were likely to show interest.

Financial allocations

13. The IDDA II biennial allocations of around $10 million from UNIDO were grossly inadequate to support the programme. The evaluation team noted that an alternative use of these funds could have been of assistance to African countries in mobilizing donor support for specific programmes and projects within the programme. This could take the form of specific project identification and preparation, support in annual bilateral negotiations between African countries and donors, participation in the Paris Consultative Group meetings organized by the World Bank, and assistance in building up the absorptive capacity of government agencies responsible for multilateral and bilateral funds utilization and disbursements.

Programme implementation

14. It appeared that UNIDO was the only agency which provided financial and technical support towards the implementation of the programme. UNIDO offered a wide range of technical cooperation services within the framework of IDDA II. A total of 185 projects/activities were implemented during the biennium 1994-1995, and 66 projects during 1996. (Implementation patterns generally feature a considerably lower delivery in the first year of the biennium.)

15. The UNIDO IDDA support programme in Africa focused on strengthening industrial institutions; developing strategies and policies for accelerated industrial development; private sector development with emphasis on strengthening private sector institutions; small and medium industry development; rehabilitation of key industries, including the introduction of cleaner production techniques in some countries; developing human resources for industry; assisting women to meet the challenges of industrial and technological change in a competitive global economy; and promotion of technology and investment.

16. Least developed countries accounted for a high proportion of projects and activities financed from the funds allocated for IDDA. Despite the acute financial crisis faced by the Organization, management ensured that IDDA financial resources were not affected and programme activities were implemented as planned.

17. The projects developed, designed and implemented by UNIDO in the various subsectors at the national and subregional levels were compatible with the overall goals and objectives of IDDA II. Within the limited resources available, projects were developed to meet the broad range of activities envisaged for implementation under the programme. Thus, projects that were implemented were relevant to IDDA programme objectives and in most cases efficiently delivered. While the team highlighted constraints of a political nature, prevailing economic and social constraints also may have negatively affected the desired project results.

B. Key recommendations

18. Bearing in mind the major findings of the evaluation, realizing that the Development Decade is near midpoint, and taking into account the financial and capacity constraints that most African countries are likely to face for the rest of the Decade and beyond, the evaluation made the following recommendations:

(a) The scope and coverage of the programme should be narrowed to make it compatible with each country's capacity to mobilize human, natural and financial resources for its implementation;

(b) Each Government should concentrate on those segments of the programme that are considered as necessary prerequisites for industrial development, while leaving the productive and manufacturing aspects to the private sector;

(c) Governments should intensify their efforts to promote the necessary economic environment and political stability, recognizing that good governance facilitates productive private sector initiatives;

(d) The private sector and the industrial community as a whole should be given support to build up their capacity and enhance their competitiveness;

(e) Emphasis should be placed on developing agro-industry linkages and the attainment of food security, thus building upon the competitive edge of the region;

(f) Due steps should be initiated by Governments to ensure that environmental concerns are addressed in formulating industrial policies and strategies, thereby avoiding future trade restrictions on manufactured products;

(g) Programme activities should be initiated to promote interregional trade, and intraregional linkages and partnerships;

(h) The donor community should be invited to have a serious look at the revised priorities, including the Alliance programme for private sector enhancement through partnerships;

(i) The opinion, endorsement and participation of the private sector, chambers of commerce and other related business associations should be considered in the definition and formulation of policies and programmes;

(j) All development partners (private sector, chambers of commerce and industry, industry associations) have a role to play in the formulation and implementation of national IDDA and Alliance programmes;

(k) The Alliance for Africa's Industrialization should be viewed as a mechanism to draw the attention of African decision makers—both public and private—and the international community to the region's industrial development potential and the need to build on that potential. This approach will enable the Alliance to facilitate partnerships through dialogue and negotiation between African industry and Governments on the one hand, and companies, Governments and NGOs of industrialized countries on the other. The Alliance also constitutes the appropriate mechanism for working in partnership with external sources of finance, technology, market access and higher managerial skills. **The Alliance thus should be used as a tool to reach the goals of IDDA.**

19. These recommendations were an integral part of the overall report of the Intergovernmental Committee of Experts of CAMI, and formed the basis for the formulation of the Plan of Action for the Alliance for Africa's Industrialization which was adopted by the OAU Ministers along with specific resolutions that should facilitate its implementation. The mid-term evaluation recommendations were also endorsed by the Ministers as part of the African common position for the seventh session of the General Conference of UNIDO.

III. CONFERENCE OF AFRICAN MINISTERS OF INDUSTRY

20. Under the theme "Africa's industrialization and the twenty-first century", the Conference undertook to assess the progress of African countries in their economic transformation process and the definition of their strategic

vision to achieve the status of newly industrializing nations in the next 20 to 25 years.

21. A further objective was to ensure the internalization of the Alliance for Africa's Industrialization by adopting a Plan of Action and a management structure as well as other proposals to operationalize the Alliance.

22. The Conference adopted four important resolutions covering the following issues:

(a) Implementation of the programme for the Second IDDA and the Plan of Action for the Alliance for Africa's Industrialization;

(b) Mobilization of funds for implementation of the Plan of Action for the Alliance for Africa's Industrialization;

(c) African common position for the thirteenth session of the Programme and Budget Committee, the seventeenth and eighteenth sessions of the Industrial Development Board and the seventh General Conference of UNIDO;

(d) Future of the United Nations Industrial Development Organization.

23. The results of the Conference were presented by the Chairman, the Honourable Minister of Trade and Industry of Ghana, to the thirty-third session of the Organization of African Unity (OAU) Summit at Harare, Zimbabwe. As a result, the OAU Assembly of Heads of State and Government adopted an important declaration on Africa's industrialization and in support of UNIDO's efforts to assist Africa.

24. The full text of the Plan of Action is contained in a conference room paper (IDB.17/CRP.4). CAMI resolutions and the Plan of Action, as well as the OAU declaration, were distributed to all Permanent Missions with an information note dated 11 June 1997. Copies in Arabic, English and French are available upon request at the documents distribution counter.

25. In parallel with the thirteenth meeting of CAMI, two major UNIDO events, which included participants from the World Bank, the Multilateral Investment Guarantee Agency, international and regional African private sector associations and business people, were the Second Private Sector Forum and the Second Round Table of African Investment Promotion Agencies. Important recommendations made by both meetings were fully endorsed by the Conference to serve as guidelines for the development of future cooperation programmes in Africa.

IV. ACTION REQUIRED OF THE BOARD

26. The Board may wish to take note of the information contained in the present document.